



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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November 28, 2000

Ray Brown
Unico, Incorporated
P.O. Box 777
Magalia, California 95954

Dear Mr. Brown:

Re: Proposal to Acquire Silver Bell Mining Company, Transfer of the Silver Bell Mill Small Mine Permit (S/031/007), Unico, Inc., Deer Trail Mine, S/031/003, Piute County, Utah

Thank you for your letter describing Unico Inc.'s desire to acquire Silver Bell Mining Company and merge their proposed Silver Bell Mill (S/031/007) site with Unico Inc.'s Deer Trail small mine site (S/031/003). As you know, the combined composite disturbance for both small mine sites will exceed the five (5) acre threshold for a small mining operation. Consequently, a large mine permit application and reclamation surety will need to be filed and approved by the Division for these combined sites.

You have proposed to post a transitional reclamation surety for the existing mill site disturbance during the time that your large mine permit application is under Division review. This proposal is acceptable to the Division, provided that the reclamation surety posted by Unico for the Silver Bell Mill be increased from the proposed \$2,000 per acre to \$3,800 per acre of disturbance. It is our understanding that the U.S. Forest Service currently holds a \$20,100 reclamation surety (\$4,370 per acre) for disturbances associated with the Deer Trail small mine site.

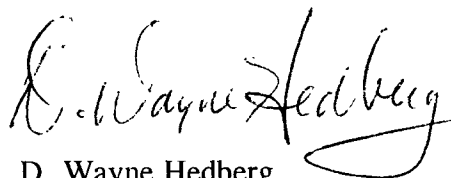
A small mine permit transfer form (Form MR-TRS) will also need to be completed to formally transfer the Silver Bell Mill from Silver Bell Mining Company to Unico, Inc. The Division will forward a copy of the small mine transfer form and a large mine permit application form (MR-LMO) to Dan Proctor, your mine manager, to assist him in completing the required permitting paperwork. Mr. Proctor has informed us that Unico, Inc. will probably post a Certificate of Deposit (CD) as the form of transitional reclamation surety. We will also forward the appropriate transitional surety forms to him. *An approved transitional*

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reclamation surety must be in place before Unico, Inc. assumes full control and responsibility for continued milling-related activities at the Silver Bell mill site.

The Division appreciates you keeping us informed of your plans for the Deer Trail Mine. We look forward to receiving the Notice of Intention to Conduct Large Mining Operations for the combined Deer Trail mine and Silver Bell mill site by February 28, 2001. Please contact me or Lynn Kunzler of my staff, if you have any questions or concerns in this regard.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with a large, sweeping "H" and "B".

D. Wayne Hedberg
Permitting Supervisor
Minerals Reclamation Program

jb
cc: Dan Proctor, Unico w/MR-TRS, MR-LMO,
Transition MR-RC, CD
Dayle Flanigan, USFS, Beaver RD
Pamela Grubaugh-Littig, DOGM
S31-03.let